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May 21, 2019

Dear Ms. Topinka,

Thank you for the opportunity to provide feedback on proposals to further regulate the screening and leasing process for multifamily properties in the city of Minneapolis. We are disappointed the city chose not to engage property managers or renters on a citywide basis prior to drafting this ordinance.

Minnesota Multi Housing Association (MHA) members are partners in the community. We own and operate thousands of rental units across the city. Renters in every zip code, demographic and socioeconomic category turn to MHA members for a place to call home. We strive to provide safe, stable housing and support strong communities.

Because the city did not follow its own best practices for community engagement in developing these draft ordinances, the city's basis and intention for the proposals is not known. As a result, we are unable to provide feedback that could make these proposals workable at this time.

In their current form, the proposals will do harm to both good renters and the hard-to-house populations the ordinances seek to assist. They limit a property manager's ability to screen rental applications in a responsible and non-discriminatory manner for the safety of residents, and set appropriate lease terms that provide opportunities for residents from all walks of life.

These radical changes will increase disruption and raise costs for both property manager and tenant. We urge the City Council to start over with an inclusive process that is capable of producing a balanced result.

Renter Safety and Stability. Renters base their decision on where to live in part on a property's screening criteria. Everyone wants a safe and quiet living environment. However, these proposals upend the basis on which many renters entered into a lease.

Prohibiting a property manager from considering most felony convictions within five years of sentencing means many serious crimes will be excluded from consideration immediately after release from incarceration or the completion of a sentence. This radically alters the terms of occupancy for all renters at properties where screening criteria currently includes criminal history.



After five years, the ordinance would only allow property managers to consider felony convictions where an applicant is i) subject to a lifetime sex offender registration requirement, or ii) convicted of the manufacture or production of methamphetamine, arson in the 1st-4th degrees, or RICO charges.

This ignores dozens of serious, predatory and otherwise violent criminal convictions. In addition, the ordinance excludes a disturbing series of misdemeanor-level offenses, including certain sexual attacks, malicious punishment of a child, stalking while in possession of a firearm and sexual solicitation of a juvenile, from consideration when the dates of sentencing are older than two years.

Similarly, limiting consideration of eviction history prevents property managers from fully considering non-criminal behavioral and payment issues relevant to the safety and security of rental property.

For instance, a tenant may repeatedly engage in lewd conduct toward another tenant or her children. While police may decline to investigate or the behavior is not determined to be criminal in nature, a property manager may pursue an eviction due to the repeated and disturbing nature of the conduct.

Because a criminal record may not exist, a future property manager may have no indication of the disturbing behavior should consideration of eviction history be radically limited. Consequently, future residents may be subject to harassment or worse as a result of withholding this important information.

Residents in affordable market rate housing are more vulnerable than most to increased costs. Yet, this ordinance leaves property managers in the dark about the likelihood of a tenant not paying rent for several months. Chronic nonpayment by one tenant increases the cost of rent for all other tenants.

Stifling Production. Advocates and policymakers believe many housing issues stem from a severe shortage of housing in Minneapolis and the metro area. A long-term lack of production resulted in low vacancy rates and residual impacts that policymakers are attempting to address through various strategies.

The appropriate response to a housing shortage is to find ways to increase the production of housing. This could be done through financial incentives for production, or easing regulations that make it difficult to construct or preserve affordable and market rate housing.

These ordinances do the opposite and decrease the feasibility of new multifamily rental construction. The increased uncertainty in managing properties will make it more difficult to obtain financing for new construction or rehabilitation, more expensive to maintain insurance, and harder to retain tenants.

Ignores Underlying Issues. Policymakers know some renters need supportive services to succeed in traditional residential settings. This ordinance completely ignores the reality recognized by leaders at all levels of governments that those with a troubled rental history or other documented conduct indicative of increased risk need living environments suited to helping them succeed.

In its draft ordinance, the city references a study that demonstrates the value of housing with supportive services for vulnerable and hard-to-house populations. The study's findings do not support market-wide

changes to rental screening. The renter population studied had been pre-screened for many serious criminal offenses which the ordinances would bar from consideration.

Most of the study population received a high level of services, including on-site staff and resident programming, not available in most rental buildings. Even with these services, the study still assumes a failure rate of nearly 1 in 5 renters - far greater rate of displacement compared to the broader rental market. The costs associated with higher turnover make rent increases much more likely.

Without addressing underlying issues, many people in vulnerable and hard-to-house populations, such as offenders re-entering society and others with documented behavioral issues, are no better off than before. A likely unintended consequence will be an increased eviction rate as a result of displacements that could have been avoided through a responsible screening process or by focusing on increased supports.

Limiting Opportunities. Severely and arbitrarily restricting the amount of security and pet deposits will limit opportunities for renters with troubled histories or anyone with a pet. Slightly larger security deposits are a term many renters gladly agree to as part of showing they have turned a corner in their life. This proposal also dramatically increases a property manager's financial exposure in the event of major damages, which in turn will increase rents.

Pet deposits should be reasonably set according to the amount of risk and potential damage a pet poses. Arbitrarily limiting the deposit to one quarter of a month's rent ensures two outcomes: i) it will become impossible for most renters to find pet-friendly housing, and ii) the black market for fraudulent companion animal certifications will flourish.

Finally, the city's attempts to limit property managers from setting responsible, non-discriminatory policies for the safety and stability of residents is a disservice to those on both sides of a lease. The lack of a consistent approach by the city discourages local owners - those who have served the community for decades - from continuing their investment in Minneapolis. With every new ordinance is another broken promise, another failed attempt to pit the few against the many to the benefit of no one.

We urge the City Council to take a collaborative and deliberative approach rather than mimic ordinances from other cities that will exacerbate the very problems they seek to fix.

Regards,

Nichol Beckstrand

Nichol Beckstrand

President

M. Garvin

Mike Garvin

Board Chair